

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of
Thursday, December 1, 2022

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Valcq, Commissioner Nowak and Commissioner Huebner.

Minutes

The Commission approved the minutes of the open meeting of Tuesday, November 22, 2022.

2800-EI-100 - Request of Kaukauna Utilities for a Waiver of Wis. Admin. Code § PSC 113.0803(1) Regarding Individual Electric Meters for Dreamville Kaukauna, LLC Project

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

2800-EI-101 - Request of Kaukauna Utilities for a Temporary Waiver of Wis. Admin. Code § PSC 113.0803(1) Regarding Individual Electric Meters for Suburban Enterprises Inc. Project

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

6630-AE-108 - Application of Wisconsin Electric Power Company for Approval of Amendments to Ground Lease for the Port Washington Generating Station

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

1490-WR-106 - Application of the City of Cumberland, Barron County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates

The Commission approved the Notice of Proceeding and directed it to be signed by the Secretary to the Commission.

9300-DR-106 - Verified Petition of Vote Solar of Distributed Energy Resource Systems in Wisconsin

Petition for Declaratory Ruling

The Commission reviewed Vote Solar's request for declaratory ruling and the record regarding the same, and determined that it would provide a declaratory ruling that declared the following:

1. The Family Project host customer to be served by a DER owned by North Wind Renewable Energy Cooperative (North Wind) under the arrangement and the specific facts and circumstances described in this docket is not, by itself, “the public” within the meaning of Wis. Stat. § 196.01(5)(a).
2. The Family Project does not produce, transmit, deliver, or furnish power either directly or indirectly “to or for the public,” as that phrase is defined by statute and interpreted by the courts.
3. As such, North Wind, as owner of the Family Project, a project utilizing third-party financing for the installation of a DER system to provide energy to the customer, is not, by virtue of that arrangement alone, subject to regulation as a public utility pursuant to Wis. Stat. § 196.01(5)(a).

Commissioner Nowak dissented.

The Commission directed the Division of Energy Regulation and Analysis draft an order consistent with its discussion.

5-UR-110 - Joint Application of Wisconsin Electric Power Company and Wisconsin Gas LLC for Authority to Adjust Electric, Natural Gas, and Steam Rates

The Commission reviewed the application of Wisconsin Electric Power Company (WEPCO) and Wisconsin Gas LLC (WG) (together, applicants), for authority to adjust electric, natural gas, and steam rates and the partial settlement agreement entered into between the applicants and some of the parties to the proceeding, and made the following determinations:

1. The applicable procedural requirements of Wis. Stat. § 196.026(3) – (6) have been satisfied.
2. The parties to the proceeding have been given a reasonable opportunity to present evidence and arguments in opposition to the settlement as required by Wis. Stat. § 196.026(7)(a).
3. The public interest is adequately represented by the parties who entered into the partial settlement agreement.
4. The Commission accepted the following uncontested alternatives identified in the Final Decision Matrix ([PSC REF#: 453827](#)) for Issues 4a, 4(b)(iii), 10-21, 23a, 23d, 23e, 23f, 23g, 23h, and 36.

5. The Commission did not accept the impacts of the proposed acquisition of the West Riverside Energy Center acquisition in the electric revenue requirements for this proceeding because the Commission has not approved the acquisition. The Commission authorized deferral, with carrying costs at the short-term debt rate, if the acquisition is not approved prior to the 2023 test year.
6. The Commission accepted and incorporated in the electric revenue requirement the *force majeure* costs associated with the Badger Hollow II Solar Farm. WEPCO did not propose or include in revenue requirement any *force majeure* costs relating to the Paris Solar Farm.
7. The Commission included the impacts of the steam system restoration and reliability improvements in the steam revenue requirement, and authorized a deferral, with carrying costs at the short-term debt rate, for any insurance proceeds relating to the flooding which resulted in the steam system restoration work.
8. The Commission accepted the Full Time Equivalency (FTE) rate reduction relating to part-time seasonal and non-represented positions as proposed by Commission staff.

Commissioner Nowak dissented.

9. The Commission accepted all of the maintenance adjustments proposed by Commission staff.

Commissioner Nowak dissented.

10. The Commission did not update the revenue requirement to reflect updated inflation data.

Commissioner Nowak dissented.

11. The Commission accepted Commission staff's estimated natural gas price impacts related to storage inventory, working capital, and gas sales.

Commissioner Nowak dissented.

12. The Commission directed the write-off of the applicants' COVID-19 regulatory asset over two years.

Commissioner Nowak dissented.

13. The Commission accepted Commission staff's revenue requirement adjustments for electric, natural gas and steam rate base and Construction Work in Progress (CWIP).

Commissioner Nowak dissented.

14. The Commission accepted the revenue requirement increase related to the Standard & Poor's methodology change for valuing off balance sheet obligations.

Commissioner Huebner dissented.

15. The Commission authorized a limited natural gas reopener for 2024 to address the additional revenue requirements associated with a new facility being in service for a full year and a liquefied natural gas facility that will achieve commercial operation during 2024. The Commission also authorized a limited electric rate reopener for 2024. In addition to addressing the revenue requirements associated with recovering new capital investments that will achieve commercial operation in 2023 and 2024, as well as to address reduced operations and maintenance expense from future coal plant retirements, the Commission determined that the following additional items shall be included as part of this limited electric reopener:

- a. WEPCO shall submit details regarding its Storm Hardening Program, and shall also report on all funding opportunities, including any federal grants or other forms of financial assistance, that it has pursued or is pursuing related to this program.

Commissioner Huebner concurred with the inclusion of this condition but dissented as he would have also excluded some of the costs associated with this program from the 2023 test year revenue requirement.

- b. The applicants shall include the analysis of alternative recovery scenarios for all generating units that will be retired prior to the end of their useful life identified in Item 31 below, as part of this limited reopener.

Commissioner Nowak dissented on requiring that this analysis be filed as part of the 2024 reopener.

- c. See also Items 32 and 55 below.

16. The Commission authorized deferral accounting treatment to capture the differences between estimated and actual revenue requirement impacts associated with retiring Oak

Creek Power Plant (OCP) 5 and 6 resulting from a change in the units May 2024 retirement date.

17. The Commission determined that it is reasonable for the applicants to amortize the remainder of the tax reform refunds associated with the Tax Cut and Jobs Act authorized in docket 5-AF-101 over 2 years (2023 through 2024) and for a final true-up of the regulatory balances in docket 5-AF-101 to occur in the applicants' next rate case proceeding.
18. The applicants shall defer, with carrying costs at the applicants' short-term debt rate, any impacts of the Inflation Reduction Act.
19. The applicants shall implement escrow accounting treatment for pension and other post-employment benefit (OPEB) costs.

Commissioner Nowak dissented.

20. The Commission approved the applicants' 2023 conservation budget with Commission staff's proposed adjustment to the Focus on Energy contribution for electric operations.
21. A reasonable target level for WEPCO's test year average common equity measured on a financial basis is 53.00 percent.

Commissioner Huebner dissented.

22. A reasonable target level for WG's test year average common equity measured on a financial basis is 53.00.

Commissioner Huebner dissented.

23. A reasonable return on equity on applicants' common equity is 9.80 percent.

Commissioner Nowak dissented.

24. A reasonable interest rate for WEPCO's short-term borrowing is 4.14 percent.

Chairperson Valcq dissented.

25. A reasonable interest rate for WG's short-term borrowing is 4.49 percent.

Chairperson Valcq dissented.

26. The Commission took no action on the applicants' credit facility and rating agency fees.

27. A reasonable forecasted long-term borrowing cost rate for WEPCO is 4.40 percent.

Chairperson Valcq dissented.

28. A reasonable forecasted long-term borrowing cost rate for WG is 3.68 percent.

Chairperson Valcq dissented.

29. The applicants' revenue sharing mechanism, as approved in docket 5-AF-107, shall remain in place until the applicants' next full rate case proceeding.

30. The Commission did not adjust WEPCO's forecasted fuel plan to reflect WEPCO's controlled delays in purchasing financial hedges for the test year.

31. The applicants shall file an analysis of alternative recovery scenarios for all generating units that will be retired prior to the end of their useful life.

32. The applicants are not required securitize \$100 million of Environmental Controls at OCPP and are not required to seek approval either to extend the recovery period for 25 years and levelize the remaining OCPP unrecovered book balance after securitization, or seek alternative financing arrangements for the remaining unrecovered book balance as part of this proceeding, provided however, in the alternative, the applicants shall conduct further analysis as to how to address the remaining unrecovered book balance of OCPP as part its limited electric reopener for 2024.

Commissioner Nowak dissented on the requirement that further analysis as to how to address the remaining unrecovered book balance of OCPP be required as part of the limited electric reopener for 2024.

33. The Commission did not adopt a specific electric, natural or steam Cost of Service Study (COSS) model and instead relied upon multiple models for revenue allocation and rate design.

34. The Commission accepted the electric revenue allocation proposed by Commission staff, adjusted for the final revenue requirement.

Chairperson Valcq dissented.

35. The Commission approved the comprehensive rate design proposed by the applicants in Ex.-WEPCO/WG-Nelson-15, as adjusted for the Commission's decisions on revenue requirement and revenue allocation.

Chairperson Valcq dissented.

36. The monthly residential and small commercial customer fixed charges for 2023 and 2024 for WEPCO shall be reduced to \$15.00.

Commissioner Nowak dissented.

37. The Commission approved the rate structure for Cg-3 design to decrease off-peak energy rates and increase the system and customer demand rates, as set forth in Surrebuttal-WEPCO/WG-Nelson and Ex.-WEPCO/WG-Nelson-17.

38. The Commission authorized the applicants' Renewable Energy Rider and the sample contract as proposed in Ex.-WEPCO/WG-Nelson-13r.

39. The Commission authorized the applicants' High Load Factor Credit for the Cp-1 customer class and increasing WEPCO's Cp-1 rate schedule energy charge by \$0.00150/kWh to recover the estimated credit value.

40. The Commission approved reopening of the Cp-FN tariff to consider changes.

41. The applicants shall extend the LIFT programs, and shall provide additional details regarding this program, in addition to a comprehensive review of the applicants' customer service rules/procedures, including the applicants' policy regarding \$600 down payments for reconnection of low-income customer accounts, in a separate TE/TG docket filing by the applicants.

Commissioner Nowak dissented.

42. The applicants shall work with CUB, Commission staff, and other interested groups of developing alternative low income assistance programs, including a potential Percentage of Income Payment Pilot, and a docket to investigate the development of such programs shall be opened by the Commission no later than April 1, 2023.

Commissioner Nowak dissented.

43. The applicants shall work with CUB, RENEW Wisconsin and other interested groups on development of a Bring Your Own Device demand response pilot program.

44. The applicants shall address the following additional electric rate design issues:

- a. Not make any alterations to the real time rate schedules before December 31, 2024;
- b. Alter how billing determinants are derived for customers in the Cp-1 class allowing physically connected customers to have their demand measured conjunctively;
- c. Limit the maximum demand charges for customers with operations categorized as Standard Industrial Classification Code 4952;
- d. Update the tariff language to eliminate the requirement to install check-meters on newly-enrolled systems under WEPCO's CGS-NM and CGS-NP tariffs.; and
- e. Rename the "facilities charge" to be "customer charge."

45. The Commission approved applicants' contribution to the Keep Wisconsin Warm Fund.

Commissioner Nowak dissented.

46. The applicants shall work with WIEG on evaluating conjunctive demand modifications, provide the results of a "basic customer cost" allocation methodology COSS in future rate case proceedings, and submit a plan no later than its next rate case to offer parallel generation customers options for installing bi-directional meters where technically feasible.

47. The Commission authorized WEPCO to adjust steam service rates based on Ex.-WEPCO/WG-Nelson-7.

48. The Commission approved the natural gas revenue allocation and rate design for WE-GO as proposed by Commission staff in Ex.-PSC-Eiter-2, as adjusted for the chosen ROE and final revenue requirement.

Commissioner Nowak dissented.

49. The Commission approved the natural gas revenue allocation for WG as proposed by Commission staff in Ex.-PSC-Eiter-1, as adjusted for the chosen ROE and final revenue requirement.

Commissioner Nowak dissented.

50. The Commission determined that any changes in the final revenue requirement for WG be allocated among the customer class using the appropriate method of distribution to the customer class.

Commissioner Nowak dissented.

51. The Commission approved the natural gas rate design for WG proposed by Commission staff and adjusted for final revenue requirement.

Commissioner Nowak dissented.

52. The Commission authorized the natural gas tariff changes for the Firm Agricultural Seasonal Use Sales Service as proposed by WE-GO and WG in Direct-WEPCO-Korducki-r-5-8.

53. The applicable standard rate case order point conditions identified in Issue 46 shall be included in the final decision.

54. WEPCO shall report to the Commission on the sale of all or any portion of the Pleasant Prairie Power Plant property.

Commissioner Nowak dissented.

55. If the applicants have not filed for updated voluntary energy efficiency programs by June 30, 2023, the applicants shall instead file by that date a status report of the applicants' forward-looking energy efficiency plans to increase cost-effective energy efficiency in its service territories. Such plans may be in coordination with progress or outcomes from docket 5-EI-158, and any other collaborative initiatives or discussions involving the applicant, parties and/or customers. The revenue requirement for any new voluntary energy efficiency programs could be included in the limited electric reopener for test year 2024.

Commissioner Nowak dissented.

56. The Commission did not approve the partial settlement agreement in whole or in part, but made determinations based upon the record evidence to establish just and reasonable rates and terms of services.

The Commission directed the Division of Energy Regulation and Analysis to draft an order consistent with its discussion and that the order be returned to the Commission for final approval.

6690-UR-127 - Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates

The Commission reviewed the application of Wisconsin Public Service Corporation (applicant), for authority to adjust electric and natural gas rates and the partial settlement agreement entered into between the applicant and the parties to the proceeding, and made the following determinations:

1. The applicable procedural requirements of Wis. Stat. § 196.026(3) – (6) have been satisfied.
2. The parties to the proceeding have been given a reasonable opportunity to present evidence and arguments in opposition to the settlement as required by Wis. Stat. § 196.026(7)(a).
3. The public interest is adequately represented by the parties who entered into the partial settlement agreement.
4. The Commission accepted the following uncontested alternatives identified in the Final Decision Matrix ([PSC REF#: 453740](#)): Issues 4e, 8-10, 11 (Adjustments 10-16), 13-19, 20a, 20d, 20e, and 35.
5. The Commission accepted Commission staff's adjustments to electric sales revenue.

Commissioner Nowak dissented.

6. The Commission accepted Commission staff's estimated natural gas price impacts related to storage inventory, working capital, and gas sales.

Commissioner Nowak dissented.

7. The Commission accepted the Full Time Equivalency (FTE) rate reduction relating to part-time seasonal and non-represented positions as proposed by Commission staff.

Commissioner Nowak dissented.

8. The Commission accepted and incorporated in the electric revenue requirement the *force majeure* costs associated with the Red Barn Wind Energy System.

9. The Commission directed the write-off of the applicants' COVID-19 regulatory asset over two years.

Commissioner Nowak dissented.

10. The Commission accepted all of the maintenance adjustments proposed by Commission staff.

Commissioner Nowak dissented.

11. The Commission authorized deferral accounting treatment to capture the difference between estimated and actual operation and maintenance costs at the Columbia Energy Center included in the revenue requirement in this proceeding.

12. The Commission did not update the revenue requirement to reflect updated inflation data.

Commissioner Nowak dissented.

13. The Commission accepted Commission staff's revenue requirement adjustments for electric and natural gas rate base and Construction Work in Progress (CWIP).

Commissioner Nowak dissented.

The Commission authorized a limited electric rate reopener for 2024 which shall address the revenue requirements associated with recovering new capital investments that will achieve commercial operation in 2023 and 2024, as well as the reduced operations and maintenance expense from future coal plant retirements.

14. The applicant shall defer, with carrying costs at the applicant's short-term debt rate, any impacts of the Inflation Reduction Act.

15. The applicant shall implement escrow accounting treatment for pension and other post-employment benefit (OPEB) costs.

Commissioner Nowak dissented.

16. The Commission accepted Commission's staff's Adjustment 17 to fuel costs identified in Issue 11 in light of its acceptance of Commission staff's electric sales (Issue 5).

Commissioner Nowak dissented.

17. The Commission accepted the additional adjustments to the applicant's filed fuel cost to reflect the final production fuel cost model run in Ex.-PSC-Mylotta-2.

Commission Huebner dissented on the inclusion of the full amount of the coal rail constraints

18. The applicant's revenue sharing mechanism, as approved in docket 6690-AF-100, shall remain in place until the applicant's next full rate case proceeding.

19. A reasonable target level for the applicant's test year average common equity measured on a financial basis is 53.00 percent.

Commissioner Huebner dissented.

20. The financial capital structure consisting of Commission' staff's audit financial capital structure for the applicant, as adjusted for the impacts of decisions in this proceeding is reasonable.

Commissioner Huebner dissented.

21. A reasonable return on equity on applicant's common equity is 9.80 percent.

Commissioner Nowak dissented.

22. A reasonable interest rate for the applicant's short-term borrowing is 4.82 percent.

Chairperson Valcq dissented.

23. The Commission took no action on the applicant's credit facility and rating agency fees.

24. A reasonable forecasted long-term borrowing cost rate for WEPCO is 4.40 percent.

Chairperson Valcq dissented.

25. A reasonable forecasted long-term borrowing cost rate for the applicant is 4.15 percent.

Chairperson Valcq dissented.

26. The Commission did not adjust the applicant's forecasted fuel plan to reflect WEPCO's controlled delays in purchasing financial hedges for the test year.

27. The applicant shall file an analysis of alternative recovery scenarios for all generating units that will be retired prior to the end of their useful life.

28. The Commission did not adopt a specific electric or natural Cost of Service Study (COSS) model and instead relied upon multiple models for revenue allocation and rate design.

29. The Commission accepted the initial electric revenue allocation proposed by the applicant adjusted for the final revenue requirement.

Commissioner Nowak dissented.

30. The monthly residential customer fixed charges for 2023 and 2024 for the applicant shall be reduced to \$17.67 as proposed by Commission staff.

Commissioner Nowak dissented.

31. The Commission authorized the applicant's High Load Factor Credit for the Cp-1 customer class and increasing the applicant's Cp-1 rate schedule energy charge by \$0.00010/kWh to recover the estimated credit value.

32. The Commission approved the rate structure for Cg-20 design to decrease off-peak energy rates and increase the system and customer demand rates, as set forth in Surrebuttal-WPSC-Nelson and Ex.-WPSC-Nelson-14.

33. The Commission authorized the applicants' Renewable Energy Rider and the sample contract as proposed in Ex.-WPSC-Nelson-10r.

34. The applicant's shall address the following additional electric rate design issues:

- a. Not make any alterations to the real time rate schedules before December 31, 2024;
- b. Modify the determination of demand section of the Cp tariff such that customers served on transmission level voltage will have their demand measured using a 60 minute interval;
- c. Update the transformer capacity charge for transmission voltage Cp customers;
- d. Rename the "facilities charge" to be "customer charge"; and
- e. Update the Pg-4 tariff language to specify AC output as the 20-kilowatt limit for interconnected distributed generation systems.

35. The Commission approved the applicant's contribution to the Keep Wisconsin Warm Fund.

Commissioner Nowak dissented.

36. The applicant shall extend the LIFT program, and shall provide additional details regarding this program in a separate TE/TG docket filing by the applicant.

Commissioner Nowak dissented.

37. The applicant shall work with CUB, Commission staff, and other interested groups of developing alternative low income assistance programs, including a potential Percentage of Income Payment Pilot, and a docket to investigate the development of such programs shall be opened by the Commission no later than April 1, 2023.

Commissioner Nowak dissented.

38. The applicants shall work with CUB, RENEW Wisconsin and other interested groups on development of a Bring Your Own Device demand response pilot program.

39. The applicant shall provide the results of a "basic customer cost" allocation methodology COSS in future rate case proceedings.

40. The applicant shall alter the rate structure for the Response Rewards programs as discussed by Commission staff and Mr. Aaron Nelson.

41. The Commission approved the natural gas revenue allocation proposed by Commission staff in Ex.-PSC-Bauer-Showers-1, as adjusted for the chosen ROE and final revenue requirement. The Commission accepted the change to the Cg-XSL fixed rate, together with the proposed increase to the distribution rate to moderate the overall margin increase to the Cg-XSL class.

Commissioner Nowak dissented.

42. The Commission approved the natural gas rate design proposed by Commission staff.

Commissioner Nowak dissented.

43. The applicable standard rate case order point conditions identified in Issue 36 shall be included in the final decision.

44. The Commission did not approve the partial settlement agreement in whole or in part, but made determinations based upon the record evidence to establish just and reasonable rates and terms of services.

The Commission directed the Division of Energy Regulation and Analysis to draft an order consistent with its discussion and that the order be returned to the Commission for final approval.

The Commission adjourned the meeting at 4:11 p.m.

A handwritten signature in black ink, appearing to read 'Cru Stubley', with a stylized, flowing script.

Cru Stubley
Secretary to the Commission

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